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SUBJECT: TAIWAN'S REVIEW OF CABLE TV STATION SPARKS  
CONTROVERSY

1. SUMMARY: Taiwan's Government Information Office (GIO) announced July 13 that the operating licenses of 21 of 70 cable TV channels whose broadcasting licenses were up for renewal had failed to pass the initial review process. On July 31, the GIO announced that it would not renew the licenses - and thus was effectively shutting down as of August 1 -- one TV news channel and six movie/variety channels. The GIO's move has generated much controversy. Many question whether the GIO has the authority to close down media, with some going so far as to question whether any democratic government should have any role in regulating the media. Others find fodder for a new "government conspiracy" theory in the matter. END SUMMARY.

2. According to Taiwan's Satellite Broadcasting Law (1999), each television channel must renew its broadcasting license every six years; this July marked the first time 3 channels had to renew their licenses since the law went into effect. Taiwan's Government Information Office (GIO) announced July 13 that the operating licenses of 21 of the 70 cable TV channels whose licenses were up for renewal had failed to pass the initial review process administered by a committee of 12 members set up by the Department of Broadcasting Affairs under the GIO. On July 31, the GIO made a follow-up announcement that it would not renew the licenses - and thus was effectively shutting down as of August 1 -- ETTV-S News Channel, Long Shong Movie Channel, Rainbow "Adult" TV Channel, CASA Financial Information Channel, Wall Street Finance Channel, Peng Lai Hsian Shan Variety Channel (a mixture of religious programming during the day and "adult" programming at night), and Ou Peng Satellite TV Variety Channel (with a similarly anomalous mix). In a press release the committee said the channels had violated the Child and Juvenile Welfare Law, Sexual Assault Prevention Law, Food Sanitation and Management Law, and Satellite Broadcasting Law. Reportedly 1,000 people could lose their jobs due to the abrupt shutdown of their companies.

3. In the days immediately following the GIO decision, the pan-Blue-inclined newspapers roundly condemned the move on their editorial pages. The "China Evening Post" ran an editorial that urged readers to "remember this day" when "news freedom was taken prisoner" in Taiwan, thus marking "the beginning of fascism and dictatorship." Since the GIO is the spokesman of the government, it should not have the authority to close any station, the editorial maintained; the future media regulatory agency - the National Communications Commission (NCC) -- should be responsible for deciding upon such closures. The similarly Blue "United Evening News" also ran an editorial that stated that "everyone agrees Taiwan's media is intolerably chaotic," but "the question is, who should reform it?" In a democratic society, the media should supervise the government, the editorial continued, and suggested it would be a topsy-turvy world, would it not, "if the government can turn around and determine the fate of the media?"

4. Pan-Green-aligned newspapers applauded the GIO in editorials for attempting to rein in Taiwan's chaotic media. "The Liberty Times" ran an editorial stating that the Taiwan public is "pleased by the GIO's actions." The "Taipei Times" published an editorial stating that media outlets have failed to practice self-discipline, and existing laws give the GIO the authority to revoke licenses. Therefore, the GIO move justifiably "signaled a warning from the government to Taiwan's media circles." The "Taiwan Daily" noted that when the media continues to be in chaos, why shouldn't the GIO exercise its legal powers?

5. The "Taiwan Daily" editorial hit upon the crux of the matter -- did the GIO have the right to do what it did? Or, in fact, did the democratic government of Taiwan in general have such a right? A TV reporter at ERA TV, who spoke on the condition of anonymity, told AIT/PAS: "[O]riginally the media is supposed to monitor the government, but how come now it is the government monitoring the media? The roles

have been switched and this is not normal." A light-green reporter for "The Liberty Times," Lee Ming-hsien, said his first reaction to the news was: "The government's maneuvering (of media) is too crude." May Chen, a senior manager at TVBS, like many media executives, questioned the way the GIO handled the licensing review: "It was too shoddy and too hasty."

16. The question of timing of the decision and its immediate application does stand out, especially with the prospect of 1,000 people losing their jobs overnight. If the GIO's intention was to send a message to rein in Taiwan's wilder media outlets -- as "The United Daily News" said, "killing one (station) to warn a hundred" -- why did the process have to move so quickly? Although not reflected clearly on local op-ed pages, many media people have found in this unusual speed the makings of a conspiracy theory, at least as regards the closing of the one TV news station, ETTV-S.

17. GTV political-beat reporter (KMT/light-Blue supporter) Tsai Meng-yu told AIT/PAS his first reaction upon hearing

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about the non-renewal of ETTV-S broadcast license was: "It's all about Fubon." Rumors abound in local media circles about the government's intention to replace one Blue-friendly station with a new news channel owned by the pro-Green Fubon Group. In fact, some have claimed that the Fubon Group sent in an application for a news channel July 29, right before the GIO-convened review committee made its final decision on the channel licenses. "Liberty Times" political-beat reporter Lee Ming-hsien told AIT/PAS that he was also inclined to reckon that Fubon's application might have played a role in the license revocation.

18. Besides the allegedly close timing between Fubon's application for a broadcast license and the denial of the ETTV-S license, one of the reasons the "Fubon conspiracy theory" has some traction is that one of the 12 license review committee members, Kuan Chung-hsiang, has been connected with Fubon. Kuan is an assistant professor at Shih Hsin University Graduate Institute for Radio, Television and Film. Kuan is also, however, the chairman of the Media Watch Foundation. Fubon has long provided financial sponsorship to the Media Watch Foundation, whose office is actually inside the Fubon Financial building in Taipei. AIT/PAS could not determine whether Fubon is currently subsidizing the foundation's rent for this office to any extent.

19. Another "Liberty Times" reporter, Chen Yu-ting -- who considers herself non-partisan, and covers the social-issues beat -- told AIT/PAS that several reporters were concerned enough about the possible conflict of interest facing Kuan that they spoke to him about his role on the GIO review committee. According to Chen, Kuan responded by saying that Fubon did, indeed, sponsor the foundation a few years ago, but no longer does so. In addition, Kuan said he had only took over the Foundation's chairmanship this year, implying that he was not influenced by Fubon's past generosity.

110. May Chen from TVBS did not have any direct opinion for AIT/PAS about the "Fubon conspiracy." She did, however, dismiss speculation that the GIO deliberately chose to close down ETTV-S because the cable TV station was regarded as a pan-Blue media outlet. She said Gary Wang, chairman of Eastern Multimedia Group and a former KMT-legislator, has expanded his business empire partly by maintaining good relationships with the DPP government and pro-Green politicians. For instance, ETTV-S has broadcast several DPP campaign rallies, and aired talk shows led by pro-Green hosts. If the GIO had wanted to close down a Blue news channel, there are many other, "Bluer" choices.

111. "We knew beforehand that at least one of us would be punished," said Chen, whose TVBS was one of the seven cable news channels that failed the preliminary GIO review. ETTV-S became an obvious "target," she said, because it carried the controversial crime show hosted by Taipei City Councilor Wang Yu-cheng that specialized in passing off "dramatizations" as real news footage. The fact that EMG has become a "super player" in Taiwan's cable TV industry, running 12 cable channels (including ETTV-S) and doubling as a cable system operator, Chen said, also made it more vulnerable to scrutiny by the review committee.

112. (SBU) Comment: Opinions in Taiwan about the GIO's motivations cover the spectrum from conspiratorial to clumsy. Regardless, everyone inclined to criticize the government has taken one clear message: Criticize at your peril. Whether warranted or not, that risks reducing the willingness of media outlets to speak their mind.